

Financial Sector Assessment Program of India

1. The Financial Sector Assessment Program (FSAP) is a joint program of the International Monetary Fund and the World Bank. Established in 1999, FSAP is a comprehensive and in-depth analysis of a country's financial sector. India's FSAP was done by IMF/World Bank in 2000-2001 as a pilot assessment. The result of the assessment has not been made public as it was part of the Pilot FSAP assessment of 12 countries.
2. The Committee on Financial Sector Assessment (CFSA), co-chaired by Deputy Governor, RBI and Finance Secretary, Government of India had done a self-assessment in 2009. The results are in the public domain (RBI website). In the 2000 FSAP assessment, only the banking and securities market sectors were assessed by the IMF and the World Bank.
3. In September 2010, IMF made it mandatory for 25 jurisdictions (including India) with systemically important financial sectors to undergo financial stability assessments under the FSAP every five years. The list of jurisdictions for these mandatory assessments is based on the size and interconnectedness of their financial sectors, and is reviewed periodically to make sure it reflects developments in the global financial system.
4. Under the G20 Summit, FSB Members have committed to pursue the maintenance of financial stability, enhance the openness and transparency of the financial sector, implement international financial standards and agree to undergo periodic peer reviews, using among other evidence, the IMF-World Bank FSAP reports and publishing the results of these assessments.
5. As a Member, India requested IMF/World Bank to conduct such a review by way of a full-fledged FSAP. Accordingly, India's FSAP was conducted during 2011. The IMF and World Bank's Scoping Mission visited India in February 2011 to conduct FSAP Update, including a detailed assessment of the authorities' observance of the IAIS Insurance Core Principles. IMF and World Bank's two Missions were in India from 14-27 June 2011 and from 3-28 October 2011. The objectives of the mission were to review developments since the 2001 FSAP and the Indian self-assessment completed in 2009, and to assess and formulate recommendations related to financial stability, financial development, and the financial sector oversight framework.
6. The mission worked closely with the Regulators in banking, securities and insurance sectors and the Ministry of Finance and met with several representatives of government, academia, and the public and private sectors. Detailed comments on the findings and recommendations were sent to FSAP Mission in various stages by the Regulators.
7. The Mission completed its work and finalized its report in February 2012. The Financial System Stability Assessment (FSSA) Update, summarizing the findings of the FSAP for India, was presented to the IMF Board in March 2012.
8. The FSAP Report – Financial System Stability Assessment (FSSA) Update - on India was published on January 15, 2013 and is available at <http://www.imf.org/external/pubs/ft/scr/2013/cr1308.pdf>.

9. Along with the FSSA Update, IMF publishes Detailed Assessment Reports (DARs) in respect of each financial sector regulator viz. in the banking, securities market and insurance sectors.

10. Subsequent to the consent given for the publication of DARs in respect of each financial sector regulator (RBI, SEBI and IRDA), all the four DARs were published by the IMF on 29th August 2013.

11. As a member of the FSB, BCBS and IMF, India is actively participating in post crisis reforms of the international regulatory and supervisory framework under the aegis of the G20. India remains committed to adoption of international standards and best practices, in a phased manner and calibrated to local conditions, wherever necessary. During the term of FSAP's review, India moved ahead on a number of issues. For example, India was among the very few countries to release the draft guidelines on implementation of the Basel III guidelines during the period of evaluation.

Title	Weblink
India: Financial System Stability Assessment Update	http://www.imf.org/external/pubs/ft/scr/2013/cr1308.pdf
Detailed Assessments Report on Basel Core Principles for Effective Banking Supervision	http://www.imf.org/external/pubs/ft/scr/2013/cr13267.pdf
Detailed Assessments Report on IOSCO Objectives and Principles of Securities Regulation	http://www.imf.org/external/pubs/ft/scr/2013/cr13266.pdf
Detailed Assessments Report on CPSS-IOSCO Recommendations for Securities Settlement Systems and Central Counterparties	http://www.imf.org/external/pubs/ft/scr/2013/cr13268.pdf
Detailed Assessments Report on IAIS Insurance Core Principles	http://www.imf.org/external/pubs/ft/scr/2013/cr13265.pdf